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Seafood Production and Trade Update

Report Categories:

Fishery Products

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Report Highlights:

In the first quarter of 2009 production of fish and seafood reportedly declined by 10 percent due to the collapse in consumer demand. Government measures aimed at stimulating local production are not effective so far. The U.S. market share for fish and seafood in the period plummeted by 61 percent. Trade sources estimate that local demand for fish will stabilize by the end of 2009 and improve the outlook for fish imports.

General Information:

Author Defined:

Overview

According to Rosstat, overall Russian food production declined by 13 percent in the first quarter of 2009, as compared to its peak in October 2008. In the same period, production of fish and seafood reportedly declined by 10 percent. Rosstat attributed the decline in to the collapse in consumer demand due to the impact of the world financial crisis. A major portion of the middle class had less disposable income and shifted to lower-priced food products and fresh foods versus ready-to-eat products, therefore, urging retailers to optimize assortments mostly towards fast-moving products.

Production

According to Rosstat, production of canned and preserved fish products declined by 10 percent since January 2009. According to the Fishery Council's analytical group the sharpest decline in fish production occurred in the following segments: gutted fish (28.2 percent), chilled fish (23.9 percent) and dried and cured fish (18.1 percent).

The major reason for the decline in production is attributed to lower demand for fish and products due to high prices. Upward pressure has been put on prices as fishermen prefer to sell the harvest to foreign suppliers. For example, from 300,000 MT of pollock caught by Russian fishermen during January-March 2009, only 10 percent is estimated to have been sold in the local market. During 2008, prices for fish and seafood increased by 14 percent, while during the first quarter of 2009 wholesale fish prices increased by 6.8 percent. As a result, consumers have shifted from ready-to-eat value added products to cheaper frozen wholesome fish. Market analysts estimate that by the end 2009, fish and seafood production may shrink further.

The government has taken several measures aimed at stimulating local fish and seafood production, however, they have not been successful yet. The measures include increasing fish and seafood catch to 4 million MT by the end of 2009, a 30 percent increase above 2008. A second measure increases the investment by 2 billion rubles (\$645 million) under the Federal targeted program for fleet renovation, upgrading port infrastructure and ship building.

The Federal Fishery Agency believes that one of the positive trends in the seafood market in Russia is the dwindling share of imported fish. It is expected that imported share will annually drop of 15-20 percent in comparison with 2008.

Trade

During January-March 2009, imports of fish and seafood dropped by 23 percent in value compared

to the same period in 2008. The sharpest decrease of 67 percent occurred in the “other seafood” category (HTS 0307), followed by crustaceans (HTS 0306), negative 43.7 percent; and in dried and salted fish (HTS 0305), negative 40 percent.

The U.S. import share during this period plummeted by 61 percent and trade sources confirmed declining volumes of fish and seafood from the United States since late 2008. However, these sources also estimate that local demand for fish will stabilize by the end of 2009 and will improve the outlook for fish imports.

Table 1: Russia: Imports of Fish and Seafood (HTS 03), by Country, 2007-2009, First Quarter only, in \$ million

Rank	Country	207	2008	2009
0	World	397,987	452,927	348,249
1	Norway	147,358	168,979	186,185
2	United Kingdom	21,218	30,893	32,747
3	Vietnam	37,013	37,019	21,373
4	Denmark	29,584	26,539	19,761
5	China	26,965	34,009	17,926
6	Estonia	6,110	5,147	7,538
7	Canada	10,011	12,938	7,359
8	Ireland	0,033	5,859	7,268
9	Chile	24,419	17,885	5,278
10	United States	10,979	12,164	4,875
Source of data: Customs Committee of Russia				

Table 2: Russia: Imports of Fish and Seafood by Category, 2007-2009, First Quarter only, in \$ million

Category	HS Code	2007 Jan-Mar	2008 Jan-Mar	2009 Jan-Mar
Fish And Seafood (Total)	03	398.0	452.9	348.2
Frozen Fish, Excluding Fillet	0303	203.8	193.0	172.3
Fillet, Other Fish Meat	0304	68.1	95.0	59.9
Fresh Fish, Excluding Fillet	0302	59.1	84.0	74.7
Crustaceans	0306	43.6	50.0	28.2
Other Seafood	0307	11.1	21.0	6.9

Dried, Salted, or Smoked Fish	0305	11.8	9.0	5.8
Live Fish	0301	0.4	1.0	0.4
Source: Customs Committee of Russia				